



State Personal Income

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The Bureau of Economic Analysis prepares annual and quarterly estimates of state personal income and annual estimates of state disposable personal income and employment. State personal income is the income that is received by, or on behalf of, the residents of that state. For both the national and regional accounts, personal income is defined as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance. Disposable personal income is defined as personal income less personal current taxes.

The state personal income accounts are detailed, timely, and com-

prehensive economic time series that provide comparisons among states and among industries within a state. Estimates of compensation (wages and salaries plus supplements to wages) and earnings (compensation plus proprietors' income) by place of work indicate economic activity of establishments within the state. Estimates of personal income by place of residence provide a measure of fiscal capacity. State disposable personal income provides a measure of income available for consumption and saving. Annual estimates of per capita personal income are an indicator of economic well-being of the residents of a state.

The Bureau prepares quarterly estimates of state personal income and its components, beginning with 1948. The estimates for a quarter are released 3 months after the end of the quarter and are consistent with the quarterly estimates of personal

income in the national accounts. Preliminary annual estimates of state personal income are derived as the average of the quarterly estimates for the year and are prepared 3 months after the end of the year. Quarterly state personal income estimates are presented in four tables—total personal income, personal income summary statistics, the derivation of personal income, including earnings by sector and wage and salary disbursements by sector.

Annual state personal income estimates are presented in 16 tables, including detailed estimates of wage and salary disbursements, compensation, and earnings by North American Industry Classification System (NAICS) subsector industries; current transfer receipts by major program; farm gross income and expenses by major category; disposable personal income and personal current taxes by government; and state economic

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profiles. In addition to the tables, 1-page narrative summaries for each state—called BEA regional facts (BEARFACTS)—are provided.

The state personal income estimates, which are derived from more detailed and complete source data than the preliminary annual estimates are available 9 months after the end of the year. The annual state personal income estimates begin with 1929. In addition, annual state employment estimates are presented in 2 tables—total full- and part-time employment by industry, and wage and salary employment by industry.

The Bureau prepares regular analyses of the state personal income estimates that accompany the release of new estimates, and it also periodically prepares and releases special data analyses dealing with topics of particular interest.

Uses of the state personal income estimates

The state personal income estimates are used widely in the public and private sectors to study economic trends for states and regions and to measure and track the levels and the types of incomes that are received by the people who live or work in a state. These estimates provide a frame-

work for the analysis of each state's economy, and they serve as a basis for decision making. For example:

- Federal Government agencies use the estimates as a basis for allocating funds and determining matching grants. They also use the estimates in econometric models, such as those used to project energy and water use.
- State governments use the estimates in econometric models to project tax revenues and the need for public services. Many states have set constitutional or statutory limits on state government revenues and spending that are tied to state personal income or to one of its components.
- Academic researchers use the estimates for applied economic research.
- Businesses, trade associations, and labor organizations use the estimates for market research.

Availability

The quarterly and annual state personal income estimates, as well as regular and special analyses of the estimates, are published in the *Survey of Current Business*, the monthly journal of the Bureau. Examples of articles involving detailed analyses include:

- “State Personal Income for the

Fourth Quarter of 2004 and State Per Capita Personal Income for 2004,” by David G. Lenze in the April 2005 *Survey*;

- “The Reliability of the State Personal Income Estimates,” by Robert L. Brown, Bruce T. Grimm, and Marian B. Sacks in the December 2003 *Survey*; and
- “Convergence in State Per Capita Personal Income, 1950–99,” by G. Andrew Bernat, Jr., in the June 2001 *Survey*.

Survey articles for recent years and a statement of the sources and methods used to produce the estimates are available on our Web site at <www.bea.gov>. In addition, the estimates are available in an interactively accessible database and in downloadable files on our Web site. The entire database and the statement of the sources and methods used to produce the estimates are also presented on the “State Personal Income” CD-ROM.

For more information

Call the Regional Economic Information System (REIS) staff at 202–606–5360, or e-mail <reis.remd@bea.gov>. To order a free copy of the State Personal Income CD-ROM, call our Order Desk at 1–800–704–0415 (outside the United States, call 202–606–9666).

Chart 1. Per Capita Income Convergence, 1969–2004

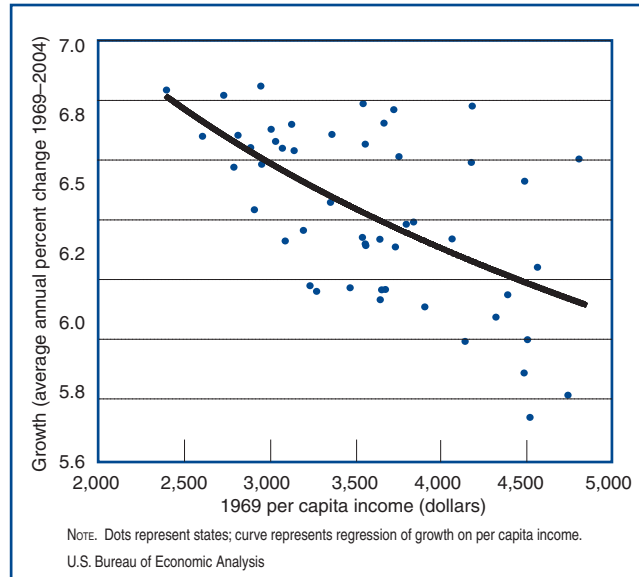


Chart 2. Personal Income; Percent Change, 2004:IV–2005:I

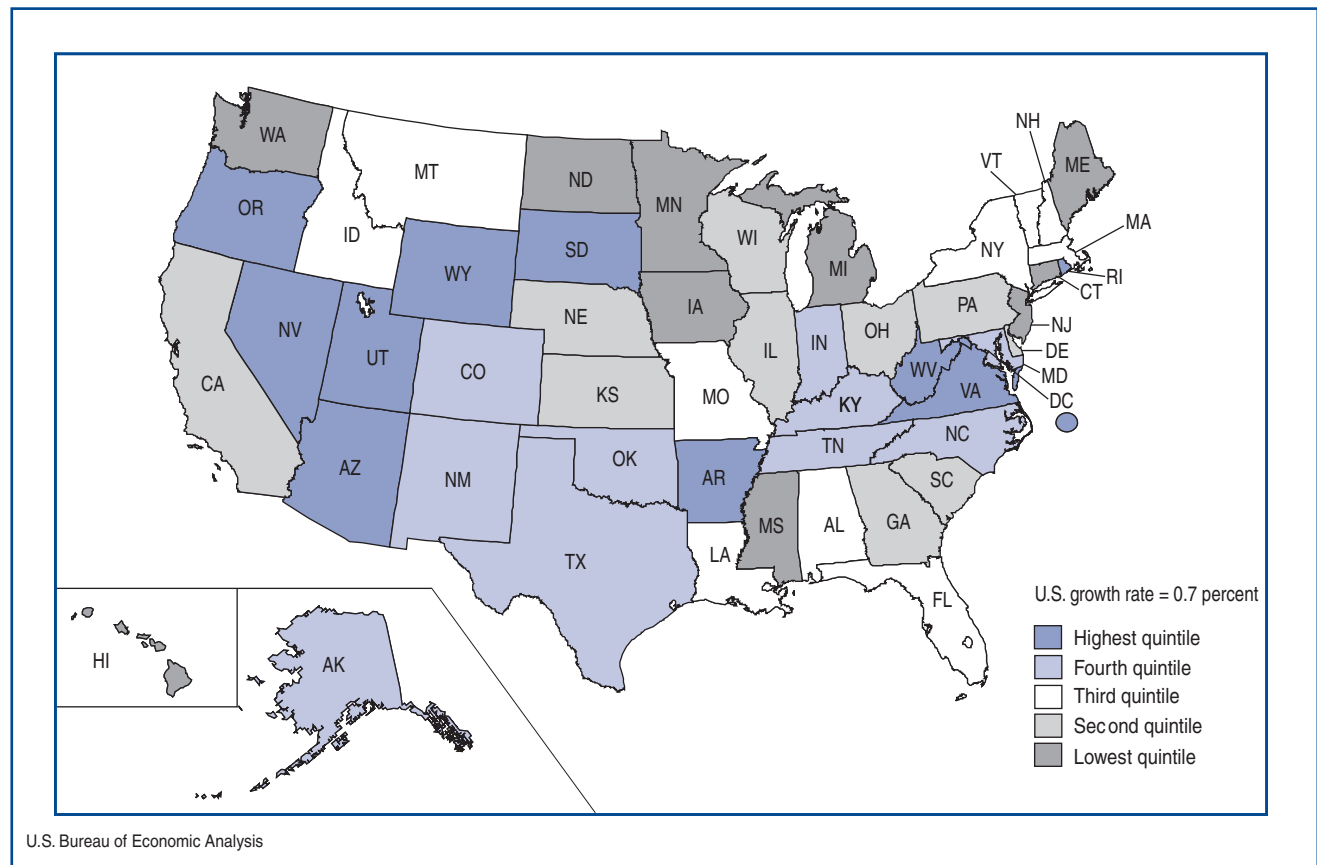


Chart 3. Contributions to Percent Change in U.S. Earnings by Place of Work, 2004:IV–2005:I

